

**THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:	)	Chapter 11
)	
QT, INC.,	)	Case No. 07 B 03227
)	
Debtor.	)	Honorable Eugene R. Wedoff
<hr/>		
In re:	)	Chapter 11
)	
Q-RAY COMPANY,	)	Case No. 07 B 03228
)	
Debtor.	)	Honorable Eugene R. Wedoff
<hr/>		
In re:	)	Chapter 11
)	
QUE T. PARK,	)	Case No. 07 B 03217
)	
Debtor.	)	Honorable Eugene R. Wedoff
)	
	)	Hearing Date and Time:
	)	July 17, 2007 at 9:30 a.m.

**NOTICE OF FINAL APPLICATION OF KATTEN
MUCHIN ROSENMAN LLP, AS COUNSEL TO EXAMINER,
FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES**

PLEASE TAKE NOTICE that on June 19, 2007, Katten Muchin Rosenman LLP (“*Katten*”) filed its Final Application of Katten Muchin Rosenman LLP, as Counsel to Examiner, for Allowance of Compensation and Reimbursement of Expenses (the “*Final Application*”). In the Final Application, Katten seeks final allowance and payment of compensation for legal services rendered in connection with the chapter 11 cases of above-captioned debtors (the “*Debtors*”) from April 27, 2007 through June 18, 2007 (“the *Application Period*”) in the amount of \$244,845.00. Katten also seeks final allowance and payment of reimbursement for actual, reasonable, and necessary out-of-pocket costs and expenses incurred during the Application Period in the amount of \$4,279.09.

PLEASE TAKE FURTHER NOTICE that copies of the Final Application are being served upon all entities entitled to notice pursuant to Federal Rule of Bankruptcy Procedure 2002.

PLEASE TAKE FURTHER NOTICE that on **July 17, 2007 at 9:30 a.m.**, or as soon thereafter as counsel may be heard, we shall appear before the Honorable Eugene R. Wedoff in the courtroom usually occupied by him, in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, 219 South Dearborn Street, Chicago, Illinois, or before such judge that is sitting in his stead, and shall then present the Final Application, at which time and place you may appear if you so see fit.

Dated: June 20, 2007

KATTEN MUCHIN ROSENMAN LLP

By: /s Ross O. Silverman
Ross O. Silverman (ARDC No. 622560)
KATTEN MUCHIN ROSENMAN LLP
525 West Monroe Street
Chicago, Illinois 60661-3693
Telephone: (312) 902-5200
Facsimile: (312) 902-1061

CHI02_60572585_1

CERTIFICATE OF SERVICE

I, Peter A. Siddiqui, an attorney, certify that I caused a copy of the attached **NOTICE and FINAL APPLICATION OF KATTEN MUCHIN ROSENMAN LLP, AS COUNSEL TO EXAMINER, FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES** via email or U.S. Mail, as indicated, on all below persons identified on the below service list on June 20, 2007.

/s/ Peter A. Siddiqui

SERVICE LIST

**QT, INC.
07 B 03227**

**Parties Served Via the Court's Electronic
Notice for Registrants**

Lester A. Ottenheimer, III
Email: lottenheimer@otrlaw.com

R. Scott Alsterda
Email: rsalsterda@uhlraw.com

Lewis J. Todhunter
Defrees & Fiske
Email: ljt@defrees.com

Catherine Steege
Jenner & Block LLP
csteege@jenner.com

Parties Served by First Class Mail

QT, INC.
500 West Algonquin Road
Mount Prospect, IL 60056

Federal Trade Commission
Attn Theodore Hoppock
600 Pennsylvania Ave
Washington, DC 20580

Clarus Transphase Scientific
C/O Phillip Samaouris Higgs, Fletche
401 W 'A' St, Ste. 2600
San Diego, CA 92101

Clarus Transphase Scientific
C/O Joe R. Marconi Johnson & Bell
33 W Monroe St, Ste. 2700
Chicago, IL 60603

Construct Data
Ortsstrass 54
VOSENDORF
GERMANY A-2331

Donald Casey C/O Lawrence W. Schad
Beeler, Schad & Diamond, P.C.
332 S. Michigan Ave, Ste. 100
Chicago, IL 60604

Donald Casey C/O Marvin A Miller
Miller & Faucher & Cafferty, LLP
30 N LaSalle St, Ste 3200
Chicago, IL 60602

Donald Casey C/O T A Zimmerman, Jr.
Zimmerman & Associates, P.C.
100 W Monroe St, Ste 1300
Chicago, IL 60603

Federal Trade Commission
Attn Steven M Werikoff
55 East Monroe St Suite 1860
Chicago, IL 60603

Dydacomp Development
11-D Commerce Way
Totowa, NJ 07512-1154

Cameron M. Gulden
Office of the U.S. Trustee
227 W. Monroe Street
Suite 3350
Chicago, IL 60606

HQC Incorporated
230 Kendall Point Dr
Oswego, IL 60543

Bio-Ray, S.A.
PALMA NOVA, CALVIA
SPAIN #07181

Illinois Department of Revenue
C/O Harvard Collection Service
4839 N Elston Ave
Chicago, IL 60630-2534

Brinks Hofer Gifson & Lione
455 N Cityfront Plaza Dr Ste 3600
Chicago, IL 60611-5599

Illinois Department of Revenue
Bankruptcy Administration Unit
100 West Randolph Street Level 7-410
Chicago, IL 60601-3274
Attn: Toni Mays

Peters & Associates
1801 S Meyers Rd
Ste 120
Oakbrook Terrace, IL 60181
Positive Packaging, Inc.
Attn Todd Beidler
1100 Hicks Rd
Rolling Meadows, IL 60008

Internal Revenue Service
POB 145585 Stop B420G
Cincinnati, OH 45250-5585

ION RAY
10 Brodie Dr
Richmond Hill ONTARIO
CANADA #L4B 3KB

Precisioneconowind
8940 N Ford Dr
North Fort Meyers, FL 33903
Craig Ingalls
2625 9th Ave
Anoka, MN 55303

Keukdong Ltd
SEOUL
KOREA

QT Inc 401(k) Profit Sharing P & T
500 W Algonquin Rd
Mount Prospect, IL 60056

Kim's Electrical Service
638 Puckthorn Terrace
Buffalo Grove, IL 60089
Mira Arezina C/O Shelly B. Kulwin
Kulwin & Associates, LLC
161 N Clark St, Ste 2500
Chicago, IL 60601

Que T. Park

510 Alexander Ct
Barrington, IL 60010

Q&T LLC
510 Alexander Ct
Barrington, IL 60010

Riebandt & DeWald, P.C.
POB 1880
1237 S Arlington Heights Rd
Arlington Heights, IL 60006-1880

Schiele Graphics
3492 Paysphere Circle
Chicago, IL 60674

STAIB Germany
Hermann Staib GmbH Grimmigweg 27
Pforzheim
GERMANY #D-75179

Stephen Fossler Company, Inc.
439 S. Dartmoor Dr
Crystal Lake, IL 60014

Thomson West
610 Opperman Drive, D6-11-3807
Eagan, MN 55123

Virchow Krause & Co.
225 N. Michigan Ave
Ste 1100
Chicago, IL 60601-7683

West Payment Center
POB 6292
Carol Stream, IL 60197-6292

North Town Mechanical Contractor
1683 Elmhurst Rd
Elk Grove Village, IL 60007

Paymentech, LP
4 Northeastern Blvd
Salem, NH 03079
Attn: Kyle Salvati

Shanghai Songhai Industrial Trading
2299 Yanan Rd W Shanghai Mart 8A19
SHANGHAI
CHINA #200336

State of Illinois
POB 19035
Springfield, IL 62974-9035
Tanury Industries
6 New England Way
Lincoln, RI 02865-4489

Ungaretti & Harris
3500 Three First National Plaza
Chicago, IL 60602-4283

Welsh & Katz, Ltd
120 S. Riverside Plaza
22nd Fl
Chicago, IL 60606

CERTIFICATE OF SERVICE

I, Peter A. Siddiqui, an attorney, certify that I caused a copy of the attached **NOTICE and FINAL APPLICATION OF KATTEN MUCHIN ROSENMAN LLP, AS COUNSEL TO EXAMINER, FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES** via email or U.S. Mail, as indicated, on all below persons identified on the below service list on June 20, 2007.

/s/ Peter A. Siddiqui

**SERVICE LIST
QUE T. PARK
07 B 03217**

**Parties Served Via the Court's Electronic
Notice for Registrants**

Lester A. Ottenheimer, III
Email: lottenheimer@otrlaw.com

R. Scott Alsterda
Email: rsalsterda@uhlaw.com

Lewis J. Todhunter
Defrees & Fiske
Email: ljt@defrees.com

Catherine Steege
Jenner & Block LLP
csteege@jenner.com

Parties Served by First Class Mail

Q-RAY COMPANY
500 West Algonquin Road
Mount Prospect, IL 60056

Federal Trade Commission
Attn Theodore Hoppock
600 Pennsylvania Ave
Washington, DC 20580

Federal Trade Commission
Attn Steven M Werikoff
55 East Monroe St Suite 1860
Chicago, IL 60603

Cameron M. Gulden
Office of the U.S. Trustee
227 West Monroe Street
Suite 3350
Chicago, IL 60606

Marcia G. Cotler
750 Lake Cook Road, Suite 140
Buffalo Grove, IL 60089

Wendy N. Epstein
Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, IL 60601

Bio-Ray S.A
07181-Palmanova (Mallorca)
Beleares, Spain

MB Financial
Attn: Joy Park
6401 N. Lincoln Avenue
Lincolnwood, IL 60712

CERTIFICATE OF SERVICE

I, Peter A. Siddiqui, an attorney, certify that I caused a copy of the attached **NOTICE and FINAL APPLICATION OF KATTEN MUCHIN ROSENMAN LLP, AS COUNSEL TO EXAMINER, FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES** via email or U.S. Mail, as indicated, on all below persons identified on the below service list on June 20, 2007.

/s/ Peter A. Siddiqui

**SERVICE LIST
Q-RAY COMPANY
07 B 03228**

**Parties Served Via the Court's Electronic
Notice for Registrants**

Lester A. Ottenheimer, III
Email: lottenheimer@otrlaw.com

R. Scott Alsterda
Email: rsalsterda@uhlaw.com

Lewis J. Todhunter
Defrees & Fiske
Email: ljt@defrees.com

Catherine Steege
Jenner & Block LLP
csteeg@jenner.com

Parties Served by First Class Mail

Q-RAY COMPANY
500 West Algonquin Road
Mount Prospect, IL 60056

Federal Trade Commission
Attn Theodore Hoppock
600 Pennsylvania Ave
Washington, DC 20580

Federal Trade Commission
Attn Steven M Werikoff
55 East Monroe St Suite 1860
Chicago, IL 60603

Cameron M. Gulden
Office of the U.S. Trustee
227 West Monroe Street
Suite 3350
Chicago, IL 60606

**THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:	)	Chapter 11
)	
QT, INC.,	)	Case No. 07 B 03227
)	
Debtor.	)	Honorable Eugene R. Wedoff
<hr/>		
In re:	)	Chapter 11
)	
Q-RAY COMPANY,	)	Case No. 07 B 03228
)	
Debtor.	)	Honorable Eugene R. Wedoff
<hr/>		
In re:	)	Chapter 11
)	
QUE T. PARK,	)	Case No. 07 B 03217
)	
Debtor.	)	Honorable Eugene R. Wedoff
)	
	)	Hearing Date and Time:
	)	July 17, 2007 at 9:30 a.m.

**FINAL APPLICATION OF KATTEN MUCHIN ROSENMAN LLP,
AS COUNSEL TO EXAMINER, FOR ALLOWANCE OF
COMPENSATION AND REIMBURSEMENT OF EXPENSES**

The law firm of Katten Muchin Rosenman LLP (“*Katten*”) submits this Final Application for Allowance of Compensation and Reimbursement of Expenses for payment of professional services rendered and costs incurred by Katten, as counsel to the examiner, Ross O. Silverman, appointed in the chapter 11 cases of each of the above-captioned debtors (the “*Debtors*”), for the period of April 27, 2007 through June 18, 2007 (the “*Application Period*”). In support of this Application, Katten respectfully states as follows:

I. PROCEDURAL BACKGROUND

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper in this

district pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicate for the relief requested herein is sections 330, 331, and 503 of title 11 of the United States Code (the “*Bankruptcy Code*”) and Rule 2016 of the Federal Rules of Bankruptcy Procedure.

II. FACTUAL BACKGROUND

A. Background of the Debtors’ Cases

3. On February 23, 2007, each of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

4. At the time of the filing of this Application, the Debtors continue to operate their businesses and manage their properties as debtors and debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. The Debtors marketed and sold certain products ostensibly designed to alleviate pain. The Federal Trade Commission (the “*FTC*”) brought an action in the United States District Court for the Northern District of Illinois against the Debtors, among others, for deceptive and misleading representations about the efficacy of the Debtors’ products. The FTC prevailed in its lawsuit, and the District Court ordered the Debtors to pay, jointly and severally, substantial monetary damages.

6. On March 28, 2007, the United States Trustee filed motions in each of the Debtors’ cases pursuant to section 1104 of the Bankruptcy Code for the appointment of a trustee or, in the alternative, an examiner (the “*Examiner Motion*”), in light of allegations of fraud, dishonesty, incompetence, misconduct, mismanagement, or irregularity in the current or former management. On April 3, 2007, the FTC joined in the Examiner Motion.

7. Following a hearing held on April 17, 2007, this Court ordered the

appointment of an examiner to investigate the allegations raised in the Examiner Motion (the “*Examiner Order*”).

8. On April 26, 2007, the United States Trustee for the Northern District of Illinois (the “*U.S. Trustee*”) filed its Application for an Order Approving the Appointment of Chapter 11 Examiner, stating that the U.S. Trustee had selected Ross O. Silverman to be the Examiner, subject to court approval.

9. At a hearing held on May 3, 2007, this Court ordered the appointment of Ross O. Silverman as Examiner.

10. On May 17, 2007, the Court entered an order granting the Examiner’s application to retain Katten as his counsel.

B. Examiner’s and Katten’s Contributions to These Cases

11. During the Application Period, which spanned 48 days, the Examiner and Katten analyzed tens of thousands of pages of documents, reconstructed numerous complex related-party and international transactions, conducted hours of interviews, and drafted a lengthy report summarizing the findings of the Debtors’ mismanagement, misconduct, and irregularity over a period of many years.

12. To accomplish this large project within the relevant time constraints, Katten mobilized a team of attorneys experienced in fraud investigations, complex financial transactions, and bankruptcy matters. In the beginning of the investigation, the Examiner and Katten conducted several lengthy interviews with and obtained thousands of documents from the Debtors, the FTC and other sources. The information and documents produced to the Examiner included business records of the Debtors, general ledgers, tax returns, bank statements, pleadings from several litigation matters, including class actions involving the Debtors and the FTC’s false

advertising case against the Debtors (*“the FTC Action”*). To timely complete the examination, the Examiner and Katten were required to swiftly review, process and analyze the business and litigation history of the Debtors, the complicated procedural histories of the class actions, the FTC Action and these three related bankruptcy proceedings, as well as a complex web of related-party relationships and international financial transactions. To do so competently and fairly, required the involvement of several experienced professionals at the outset of the examination.

13. As the investigation progressed, fewer attorneys were required. Indeed, for the last weeks of the investigation, only partner Ross Silverman and associate Dean Hoffman participated in the interviews and the drafting of the Examiner’s report. That report is 63 pages, and provided the Court, as well as all interested parties, with the kind of comprehensive analysis that was necessary to support and explain the Examiner’s conclusions. Given the interests at stake, the Examiner and Katten staffed this investigation as thinly as possible to be able to accomplish the assigned tasks in the allotted time.

14. The Examiner filed his report on June 8, 2007 and presented it to this Court at a hearing on June 14, 2007. At the conclusion of the Examiner’s presentation of his report and the arguments of counsel, this Court entered an order appointing a chapter 11 trustee based on the facts uncovered by the Examiner in his investigation.

III. RELIEF REQUESTED

15. By this Application, Katten requests that this Court grant Katten final allowance of compensation for legal services rendered during the Application Period in the amount of \$244,845.00. Katten further requests that this Court grant Katten final allowance of reimbursement for actual, reasonable, and necessary out-of-pocket costs and expenses incurred during the Application Period in the amount of \$4,279.09, and authorize and direct that the

Debtors pay Katten \$249,124.09 for the those requested amounts.

IV. THE APPLICATION PERIOD

A. The Value of the Services Rendered and Professionals Rendering Them

16. Katten's hourly rates of compensation during the Application Period range from \$205.00 to \$575.00. Those rates are comparable to rates charged by other practitioners, having the same amount of experience and expertise, providing similar services in chapter 11 cases in this jurisdiction. Additionally, those rates constitute Katten's current ordinary and standard hourly rates charged for such services in a non-bankruptcy matter

17. A complete list is of the Katten professionals rendering service to the Debtors is as follows:

<u>Name</u>	<u>Position</u>	<u>Bar Admission</u>	<u>Rate</u>	<u>Hours</u>	<u>Amount</u>
Helwig, Ted S.	Partner	IL, 1980	\$575.00	23.80	\$13,685.00
Hoffman, Dean V.	Associate	IL, 2003	\$360.00	178.80	\$64,368.00
Jacobsen, Joni	Partner	IL, 1997	\$440.00	74.90	\$32,956.00
Myers, Gordon C.	Paralegal	N/A	\$205.00	81.60	\$16,728.00
Poronsky, Brian	Associate	IL, 2006	\$245.00	20.10	\$4,924.50
Shaffer, Jason P.	Associate	IL, 2000	\$395.00	86.70	\$34,246.50
Siddiqui, Peter A.	Associate	IL, 2002	\$360.00	22.00	\$7,920.00
Silverman, Ross O.	Partners	IL, 1985	\$550.00	125.70	\$69,135.00
Smulkowski, Ziemowit T.	Partner	IL, 1996	\$490.00	1.80	\$882.00
TOTAL:				615.40	\$244,845.00

18. A complete listing of all time entries by each of Katten's attorneys and paralegals is attached to this application as Exhibit 1.

19. Given the nature and quality of the services rendered, the interests at stake, the amounts involved, the responsibility assumed by Katten, and the experience, ability, and standing of the attorneys involved, the amount of compensation and reimbursement requested for

legal services rendered during the Application Period is a reasonable amount that should be allowed in full.

B. Expenses Incurred during the Application Period

20. Katten seeks final allowance and payment of \$4,279.09 for expenses incurred on behalf of the Debtors during the Application Period. A detailed itemization of all of the expenses incurred is attached hereto as Exhibit 2. Expenses were incurred in the following categories:

(a) Telephone: During the Application Period, Katten incurred costs in this category in the amount of \$18.80. Such costs related to long distance telephone charges incurred by Katten.

(b) Postage: During the Application Period, Katten incurred costs in this category in the amount of \$194.32. Such costs related to postage charges incurred by Katten.

(c) Photocopy Costs: During the Application Period, Katten incurred costs in this category in the amount of \$3,600.05. Such costs related to photocopy charges incurred by Katten, both internally and through external copy and imaging services. With respect to Katten's internal copying charges, Katten is charging \$0.10 per page.

(d) Legal Research: During the Application Period, Katten incurred costs in this category in the amount of \$460.82. Such costs related to fees incurred by Katten from Westlaw and the Pacer Service Center in connection with Katten's work on the Debtors' cases.

(e) Fax: During the Application Period, Katten incurred costs in this category, however, in light of this Court's guidelines, Katten is not seeking reimbursement of fax charges.

(f) Certified Copies: During the Application Period, Katten incurred costs in this category in the amount of \$3.00. Such costs related to a charge incurred by Katten to obtain a certified copy of an order from the District Court.

27. All expenses incurred by Katten in connection with its representation of the Debtors were ordinary and necessary expenses. All expenses billed to the Debtors were billed in the same manner as Katten bills non-bankruptcy clients.

28. The rates of compensation for attorneys and paralegals, and the expenses incurred by Katten, are customary and ordinary rates, fees, and expenses charged by Katten in matters of this type unless otherwise indicated above. All services and expenses for which Katten requests compensation and reimbursement were performed and incurred for and on behalf of the Examiner. All services and expenses for which Katten requests compensation and reimbursement benefited the Debtors' estates.

29. No agreement or understanding exists between Katten and any other person for sharing of compensation which has been or will be received, except such sharing as is customary and generally accepted among attorneys within a law firm. No agreement or understanding, express or implied, has been or will be entered into for purposes of fixing the fees or other compensation to be paid to any other attorney for any party-in-interest, to any other party-in-interest, or to any person for services rendered in connection herewith in the assets of the estate contrary to the provisions of the Bankruptcy Code. At all times, Katten has consistently and conscientiously attempted to handle all matters in the most efficient and economic manner possible.

WHEREFORE, Katten respectfully requests that the Court enter an order:

- A. Granting Katten final allowance of compensation for legal services rendered during the Application Period in the amount of \$244,845.00;
- B. Granting Katten final allowance of reimbursement for actual, reasonable, and necessary out-of-pocket costs and expenses incurred during the Application Period in the amount of \$4,279.09;
- C. Directing that the Debtors pay Katten \$249,124.09 for the above-requested amounts; and
- D. Granting such other and further relief as this Court deems just and appropriate under the circumstances.

Dated: June 20, 2007

KATTEN MUCHIN ROSENMAN LLP

By: /s Ross O. Silverman
Ross O. Silverman (ARDC No. 622560)
KATTEN MUCHIN ROSENMAN LLP
525 West Monroe Street
Chicago, Illinois 60661-3693
Telephone: (312) 902-5200
Facsimile: (312) 902-1061